

PENACHIO MALARA LLP
245 Main Street, Suite 450
White Plains, NY 10601
(914) 946-2889

Anne Penachio, Esq.

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

- ----- X

In re

CHANGAR REALTY CORP.,

CHAPTER 11

CASE NO.:

Debtor.

- ----- X

AFFIRMATION PURSUANT TO LOCAL BANKRUPTCY RULE 1007-2

ELBA FOURNIER, hereby affirms as follows:

1. I am the principal of Changar Realty Corp., the debtor in the above-captioned Chapter 11 case (the “Debtor”). I submit this affirmation pursuant to Federal Rule of Bankruptcy Procedure 1007(d) and Local Bankruptcy Rule 1007-2.

2. The Debtor owns the property at 1704-1714 University Avenue, Bronx, NY (the “Property”).

3. The Property has approximately eight (8) commercial tenants, consisting primarily of small “mom and pop” businesses including a hair salon, a nail salon, a fried chicken restaurant, a Spanish restaurant, botanica and catering hall,

4. At one time, the Property’s rent was strong and totaled approximately \$26,000.00 per month. The current rent roll based upon leases is \$33,000.00. Since COVID, the tenants have been struggling. Currently, on a good month, the Property currently generates only approximately \$15,650.00 in revenue per month.

5. Expenses include the following:

\$1,997.00 – Insurance

\$198.00 – Excess policy

\$600.00 – Handiman

\$440.00 - Lawn Maintenance

\$1,800.00 – Water (passed on tenants)

\$1,200.00 – Management Office Expenses

\$22,900.00 – Mortgage (Velocity)

6. I believe that the Property is worth in excess of \$ 4 million. In addition, I understand that there air rights with significant value.

7. Velocity Commercial Lending ("Velocity"), which holds the mortgage, has asserted that it is owed about \$ 3 million. The Debtor fell behind in paying Velocity due primarily to the reduction in its rent roll.

8. The Debtor is filing for Chapter 11 relief, in part, to afford it time to sell the Property in an efficient manner for a price that reflects its value. Velocity commenced a foreclosure action against the Debtor which is pending in the Bronx County Supreme Court bearing Index No. 812295/2023E. A motion for the appointment of a receiver is pending. The Debtor believes that a receiver may negatively impact its ability to sell the Property.

9. The situation is more complicated because the Debtor unwittingly entered a joint venture agreement with Ivan Diaz and an affiliate. Mr. Diaz was originally supposed to purchase the purchase the Property. But he was unable to consummate the transaction. Mr. Diaz claimed that he was the broker and had decision making authority.

10. I had hoped Mr. Diaz could assist in maximizing a sale price. Instead, Mr. Diaz

has inhibited a sale. He has demanded an excessive commission (\$300,000.00).

11. The Debtor's goals in Chapter 11 are (i) to continue to remain in control of its assets and preserve any business interests pending the sale (ii) propose a Chapter 11 plan predicated on the sale of the Property; and (iii) satisfy all creditors from a sale.

12. A list of creditors will be filed with the Court.

13. This case was not originally commenced as a Chapter 7 proceeding.

14. I will provide financial information to the Court within the next 14 days.

15. In addition to the foreclosure proceeding, the Debtor is being sued by Spring Bank on a guaranty of a loan made to a corporation owned by its principal.

16. The Debtor has no employees.

Dated: White Plains, New York
August 2, 2024

Elba Fournier
Elba Fournier (Aug 2, 2024 13:57 EDT)
Elba Fournier